

Message Text

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44

ACTION NEA-10

INFO OCT-01 ARA-06 EUR-12 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 OPIC-03 XMB-02 /114 W

----- 068153

R 041217Z AUG 75

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 2833

INFO AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY/DUBLIN 24

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

OECD PARIS

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E.O.: 11652: N/A

TAGS: EINV, ENRG, ETRD, IR, GW, EEC

SUBJECT: IRAN/FRG ECONOMIC RELATIONS

REF: TEHRAN 3641 OF MAY 7, 1974

1. SUMMARY: SECOND MEETING OF IRAN/FRG COOPERATION COM-
MISSION RESULTED IN NO NEW JOINT VENTURE AGREEMENTS. THE
GERMANS EXPRESSED THEIR STRONG CONCERN ABOUT THE IRANIAN
SCHEME FOR EXPANDING WORKERS OWNERSHIP OF INDUSTRIAL SHARES,
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AND ECONOMIC MINISTER FRIEDRICH SPOKE OUT STRONGLY

AGAINST OIL AND OTHER RAW MATERIAL INDEXATION. GERMAN EMBASSY SOURCE DENIES ALLEGED FRG BACKING FOR AN IRAN/EEC PREFERENTIAL ARRANGEMENT. END SUMMARY

2. SECON MEETING OF JOINT IRANO/GERMAN ECONOMIC COOPERATION COMMISSION HELD IN TEHRAN, JULY 29-31, ENDED WITH ANNOUNCEMENT OF \$5.5 BILLION TO BE INVESTED IN JOINT PROJECTS BOTH BOTH SIDES. WEST GERMAN EMBASSY ECONOMIC/COMMERCIAL COUNSELOR GANSAUER INFORMED EMBOFF THAT, AS USUAL, ALL POSSIBLE JOINT VENTURES, EITHER ALREADY UNDERWAY OR AT VARIOUS PLANNING STAGES, WERE TALKED ABOUT AT MEETING AND TOTALLED TO ARRIVE AT THIS FIGURE. HE SAID THE IRANIANS HAD INSISTED ON INCLUDING THE LONG AGO PROPOSED 500,000 BPD OIL REFINERY WHICH MAY BE CONSTRUCTED AT BUSHIRE, A PROJECT THEY THINK IS MUCH MORE LIKELY FINALLY TO BE REALIZED THAN DO THE GERMANS.

3. OFFICIAL GOI PRESS RELEASE REFERRED TO GERMAN PARTICIPATION IN THE IRON AND STEEL INDUSTRY, ATOMIC POWER PLANTS, AND ESTABLISHMENT OF CONSULTING ENGINEERING FIRMS, ALL OF WHICH HAVE BEEN UNDERWAY FOR SOME TIME AND PREVIOUSLY REPORTED. IT ALSO MENTIONED POSSIBLE AGREEMENTS BETWEEN GERMAN COMPANIES AND THE GOI INDUSTRIAL DEVELOPMENT AND RENOVATION ORGANIZATION FOR MANUFACTURE OF TEXTILE AND OTHER HEAVY MACHINERY AND ESTABLISHMENT OF A SHIPYARD FOR CONSTRUCTION OF FISHING AND OTHER SMALL VESSELS. POSSIBLE AGRO-BUSINESS JOINT VENTURES AND GERMAN COOPERATION IN IMPROVING THE IRANIAN TRANSPORT SYSTEM ALSO WERE MENTIONED PROMINENTLY. GANSAUER SAID NO NEW PROJECTS WERE AGREED UPON AT THE MEETING.

4. THE OFFICIAL GOI PRESS RELEASE ALSO NOTED AN EXPRESSION OF "SATISFACTION" BOTH SIDES ON ESTABLISHMENT OF A JOINT IRAN/GERMAN COMPANY IN BRAZIL AND POSSIBLE JOINT COOPERATION IN OTHER COUNTRIES. GANSAUER SAID THE DEAL IN BRAZIL IS BEING WORKED OUT PRIVATELY BY THE IRAN/KRUPP JOINT VENTURE, AND HE PROFESSED TO NOT BEING INFORMED OF THE PRECISE STATE OF THE NEGOTIATIONS.

5. THE IRANIAN PRESS MADE MUCH OVER DISCUSSION BY THE TWO
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SIDES OF THE SCHEME FOR BROADENING OWNERSHIP OF IRANIAN INDUSTRY BY DIVESTING SHARES TO WORKERS, FARMERS, AND THE GENERAL PUBLIC (TEHRAN A-163). GANSAUER SAID THE GERMAN SIDE HAD MADE THE POINT EMPHATICALLY THAT THE SCHEME IS RAISING QUESTIONS AMONG PROSPECTIVE GERMAN INVESTORS ABOUT THE WISDOM OF MAKING LARGE COMMITMENTS IN IRAN. HE SAID THE IRANIANS REPLIED WITH GENERAL ASSURANCES THAT FOREIGN INVESTMENT IN THIS COUNTRY IS AS WELCOME AS EVER, BUT THEY

WERE EVASIVE WHEN PRESSED FOR SPECIFIC ANSWERS ABOUT HOW THE SCHEME WILL OPERATE.

6. TEHRAN PRESS REPORTED VERY STRONG STATEMENTS BY THE HEAD OF THE GERMAN DELEGATION, MINISTER OF ECONOMIC AFFAIRS HANS FRIEDRICH, AGAINST ANY SCHEME FOR INDEXING THE PRICE OF OIL AND OTHER RAW MATERIALS TO THAT OF THE PRICES OF INDUSTRIAL GOODS IN OTHER COUNTRIES. GANSAUER SAID THE MINISTER'S STATEMENTS WERE REPORTED ACCURATELY.

7. THE OFFICIAL GOI PRESS RELEASE MENTIONED GERMAN BACKING FOR CONCLUSION OF A PREFERENTIAL AGREEMENT BETWEEN IRAN AND THE EEC. GANSAUER SAID THE GERMAN DELEGATION HAD RECEIVED THE PREDICTED STRONG PRESSURE FROM THE IRANIANS ON THIS POINT, BUT HE CLAIMED THEY HAD GONE NO FARTHER THAN GENERAL ASSURANCE TO THE GOI DELEGATES THAT THE FRG SUPPORTS AN OUT-COME AGREEABLE TO BOTH SIDES AND HOPES THAT CURRENT TECHNI-CAL-LEVEL NEGOTIATIONS GOING ON BETWEEN IRAN AND THE EEC WILL BE FRUITFUL. (TEHRAN 4597)

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